

## NORTH DAKOTA'S FEDERAL MEDICAL ASSISTANCE PERCENTAGE - 2007

The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid, foster care, and other program costs of the Department of Human Services. The FMAP changes October 1 of each year.

North Dakota's FMAP for federal fiscal year 2007 will be 64.72 percent, a decrease of 1.13 percent from the 2006 FMAP of 65.85 percent but an increase of 2.35 percent from the 62.37 percent estimate used by the 2005 Legislative Assembly in developing the Department of Human Services 2005-07 biennial budget. The schedule below presents the FMAPs for North Dakota in recent and future years.

Federal Fiscal Year	FMAPs Used by 2005 Legislative Assembly	Actual FMAPs
2002	69.87	69.87
2003	72.82	72.82
2004	71.31	71.31
2005	67.49	67.49
2006	65.85	65.85
2007	62.37 (estimate)	64.72

The 2005 Legislative Assembly provided an additional \$35.1 million of general fund support to the Department of Human Services to provide for the additional state matching requirements resulting from the reduction in North Dakota's FMAP during the 2005-07 biennium compared to the 2003-05 biennium. The department had estimated the need for an additional \$35.9 million of general fund appropriations.

The 2007 FMAP will affect the final 10 months of the 2005-07 biennium appropriation. Each percentage change in the FMAP affects the state general fund matching requirements by approximately \$4.5 million. **Based on these estimates, the department will have \$8.8 million of reduced general fund matching requirements for state fiscal year 2007.**

The FMAP is calculated based on the relative relationship between each state's per capita personal income and the national average per capita personal income over the most recent three calendar years. For example, per capita incomes in calendar years 2002-04 determine the FMAP for federal fiscal year 2007.

The schedule below compares the federal Bureau of Economic Analysis statistics from the March 29, 2005, preliminary estimates used by the 2005 Legislative Assembly in developing the department's budget and the September 28, 2005, actual statistics released by Federal Funds Information for States (FFIS).

	March 2005 Preliminary		September 2005 Actual		Change From March 2005 to September 2005	
	Amount	Percentage Change From Previous Year	Amount	Percentage Change From Previous Year	Amount	Percentage
<b>North Dakota's per capita personal income</b>						
2001	\$25,876		\$25,876		\$0	
2002	\$26,742	3.3%	\$26,450	2.2%	(\$292)	(1.1%)
2003	\$28,922	8.2%	\$28,725	8.6%	(\$197)	(.7%)
2004	\$31,398	8.6%	\$29,247	1.8%	(\$2,151)	(6.9%)
<b>National average per capita personal income</b>						
2001	\$30,575		\$30,575		\$0	
2002	\$30,804	.7%	\$30,814	.8%	\$10	0%
2003	\$31,472	2.2%	\$31,487	2.2%	\$15	0%
2004	\$32,937	4.7%	\$33,041	4.9%	\$104	.3%
<b>North Dakota personal income (in millions)</b>						
2001	\$16,465		\$16,465			
2002	\$16,949	2.9%	\$16,764	1.8%	(\$185)	(1.1%)
2003	\$18,319	8.1%	\$18,194	8.5%	(\$125)	(.7%)
2004	\$19,918	8.7%	\$18,553	2.0%	(\$1,365)	(6.9%)

The September 28, 2005, FFIS report providing information on the actual 2007 FMAPs is attached.